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ARMENIA

Statement by H.E. Mr. Armen Darbinian Minister of Economy

(Speaking as an Observer)

It is my great pleasure on behalf of the Government of the Republic of Armenia to address the issues, which are currently under consideration, concerning Armenia's forthcoming accession to the WTO. I would like to draw your attention to the points, which are of a high importance for all the countries in transition.

The problems of transition from centrally-planned economic systems to market economies and from authoritative political systems, based on one-party rule to a system of political democracy are not appropriately addressed by political decision-makers, who are in charge of the development of principles of multilateral trade.

Our country has passed through a tremendously difficult period of introducing national currency, overcoming hyperinflation by implementing strict monetary and fiscal policy, conducting privatization and large-scale structural reforms in economy and social infrastructure.

During the initial stage of the transition, after decades of state-control and the focus on the large state-owned monopolies, the framework for independent trade policy, promoting competition and penalizing anti-competitive practices was very weak, or even non-existent.

That is why I think, that along with supporting special and differential (S&D) treatment practices for developing and least-developed countries, for countries in transition an exclusive treatment approach should be developed. This approach should take into account the lack of experience as well as the pressing need for comprehensive assistance in international trade performance. And this is the first lesson from our practice of negotiations for the WTO accession.

The second lesson is an understanding, that there should be a strong link between macroeconomic, financial, trade and development policies. Generally, the role of competition policy, law and practice as an efficient tool for economic development was highly underestimated. We understand that only opening the markets and reducing trade barriers is not enough to achieve a sustainable economic growth. It has become clear, that the interdependent policy issues, regulatory reforms and institutional building for supporting trade must be tackled comprehensively as a very important part of the overall development strategy to enable all countries to gain the most benefit from the world economy. And here is the point on which multilateral and bilateral institutions should focus their attention more and more in their ongoing technical assistance programmes.

The third lesson, which came out of Armenia's experience of accession to the WTO is an importance of regional and international cooperation. We have realized, that there is an extreme need

to treat regional cooperation as a stepping stone towards further liberalization of the world economy. We are supporting the proposal of draft of the Ministerial Declaration to include in the General Agreement a multilateral solution for custom's administrations of importing countries to seek and obtain information on export values in a time-bound manner.

We believe that trade cooperation will lead us to better understandings on political issues and help us in finding formulas for resolution of existing political problems. All countries in transition have to gain from benefits of the multilateral trading system.

The fourth lesson is the extreme need for countries in transition to focus great attention to design and establishment of appropriate regulatory frameworks and the strengthening of institutions that can implement those regulations. The said is absolutely vital especially for services.

The Governments should smoothly turn from the managerial functions to the regulatory ones. They have to provide all necessary basis for the private sector to provide infrastructure services. The emphasis in ongoing programmes of structural reforms should be put on a creation of regulatory framework and implementation of regulation in practice.

The fifth lesson is shifting from quantitative targets of reforms to qualitative ones. It becomes very important that international financial institutions support development agenda's implementation rather than achievement of quantitative targets.

Where Governments rely heavily upon customs duties for revenues the development of alternative sources for revenues is an essential for economic reforms and, of course, the targeting of the revenues from customs as a conditionality in reform programs supported by international financial organizations should be avoided.

The sixth lesson is the importance of improving transport, communications and other infrastructure, which is critical in an era of economic globalization, facilitating all physical and administrative procedures in external trade transactions, especially in cross-border operations. It is impossible to think about the development of international trade without improving the infrastructural sector of the economy.

And finally the seventh lesson is to provide more transparency in WTO's operations to respond to public concerns. The objective if internalization of trade must be politically approved within the country. The Governments themselves should demonstrate more transparency and here we are welcoming the idea of signing the Multilateral Government Procurement Agreement during the next Ministerial Conference. I hope, that at that time Armenia will be a full Member of the WTO and will join that Agreement. We also welcome the intention of the WTO to focus future cooperation as a priority, on support for developing countries, in the new round of negotiations, provided that there will be special approach in the WTO to countries in transition.

Armenia has chosen the model of political democracy and free market economy since the beginning of the transition period and we have the strong commitment to continue a comprehensive reforms strategy aiming to reach sustainable economic growth and development and raise the living standards of our people. I hope that the membership in the WTO will help us to reach these objectives.
